TURKEY

<table>
<thead>
<tr>
<th>GDP (current US$, billions):</th>
<th>$798.43</th>
<th>Population (thousands):</th>
<th>75,932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of GDP in developing Asia-Pacific:</td>
<td>5.7%</td>
<td>GDP per capita (current US$):</td>
<td>$10,515.01</td>
</tr>
<tr>
<td>Share of GDP in South and South-West Asia:</td>
<td>23.9%</td>
<td>Average inflation (2015)</td>
<td>7.7%</td>
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</tbody>
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- Output growth in Turkey increased to 4% in 2015 from 2.9% in 2014, driven by moderate expansion in industrial production and more favourable market confidence in the final part of the year.

- Exports to Europe increased, although overall shipments were held back by tensions with the Russian Federation.

- Tight monetary policy and lower oil and fuel prices helped to lessen inflation to 7.7% in 2015 from 8.9% in 2014. Low commodity prices also helped reduce energy import bills and the current account deficit.

- Fiscal deficit was estimated at 1.2% of GDP in 2015. An increase in revenue outpaced the rise in expenditure in line with revived economic activity.

- Growth is expected to moderate to 3% in 2016, before picking up to 3.7% in 2017.

- Exports should increase amid a gradual economic recovery in Europe. Consumer spending is likely to benefit from a 30% rise in the minimum wage level.

- The outlook is nonetheless clouded by a volatile political environment due to continuing unrest in Syria, which has resulted in Turkey becoming host to approximately 1.5 million refugees and an origin and transit country for migrant smuggling to Europe.

- A key downside risk is the deteriorating economic relations with the Russian Federation, which could impose economic costs of between $7 billion and $12 billion.

- Although the upcoming election may imply additional expenditure commitments in the medium term, the Government has targeted a budget surplus in 2016 assuming that there will be a steady increase in government revenues and that the downside risk on tensions with the Russian Federation does not materialize.